

1988

## The Song is Over But the Melody Lingers On: Persistence of Goodwill and the Intent Factor in Trademark Abandonment

Stanley A. Bowker, Jr.

Follow this and additional works at: <https://ir.lawnet.fordham.edu/flr>



Part of the [Law Commons](#)

---

### Recommended Citation

Stanley A. Bowker, Jr., *The Song is Over But the Melody Lingers On: Persistence of Goodwill and the Intent Factor in Trademark Abandonment*, 56 Fordham L. Rev. 1003 (1988).

Available at: <https://ir.lawnet.fordham.edu/flr/vol56/iss5/6>

This Article is brought to you for free and open access by FLASH: The Fordham Law Archive of Scholarship and History. It has been accepted for inclusion in Fordham Law Review by an authorized editor of FLASH: The Fordham Law Archive of Scholarship and History. For more information, please contact [tmelnick@law.fordham.edu](mailto:tmelnick@law.fordham.edu).

# THE SONG IS OVER BUT THE MELODY LINGERS ON: PERSISTENCE OF GOODWILL AND THE INTENT FACTOR IN TRADEMARK ABANDONMENT

## INTRODUCTION

The Lanham Act<sup>1</sup> defines trademark abandonment as nonuse of a trademark combined with "intent not to resume" use of that mark.<sup>2</sup> Nonuse is determined fairly easily. For a trademark to be used under the Lanham Act, it must be placed on the goods, the packaging for the goods, or the displays associated with the goods,<sup>3</sup> and the goods thereaf-

---

1. 15 U.S.C. §§ 1051-1127 (1982 & Supp. IV 1986). The Lanham Act is the governing law on trademarks in the United States. See 15 U.S.C. §§ 1051-1127 (1982 & Supp. IV 1986). Passed in 1946, it codified the common law of trademarks. See *Inwood Laboratories, Inc. v. Ives Laboratories, Inc.*, 456 U.S. 844, 861 n.2 (1982) (White, J., concurring). At common law, trademark protection originated as an action in deceit. See 1 J. McCarthy, *Trademarks and Unfair Competition* § 5:2, at 133 (2d ed. 1984). In testimony in support of the bill that was to become the Lanham Act, Professor Milton Handler of Columbia University succinctly described the origin of the common law trademark infringement action:

The . . . difference between the trade-mark action and the ordinary action of fraud and deceit was that in the ordinary action the plaintiff was the one who relied upon misrepresentations to his damage. Whereas, in any action for trademark infringement, the misrepresentation is made to the customer. The defendant says, "This product of mine is made by Jones." That is what he means when he puts Jones on his product, his name being Smith.

Now, the customer having relied upon this misrepresentation to his harm, that would be the ordinary garden variety of fraud and deceit. The innovation was that the competitor of Smith who had not relied upon the misrepresentation himself brought suit for the damage which resulted to him in the diversion of his business, customers who wanted Jones' product were getting it from Smith and he was losing sales.

*Hearings on H.R. 82 Before a Subcomm. of the Senate Comm. on Patents*, 78th Cong., 2d Sess. 106 (1944). See generally J. McCarthy, *supra*, § 5:2, at 133-35; F. Schecter, *The Historical Foundations of the Law Relating to Trade-Marks* 122-145 (1925). In a sense, the plaintiff in a trademark infringement case is the "vicarious avenger" of the public interest. See *Ames Publishing Co. v. Walker-Davis Publications, Inc.*, 372 F. Supp. 1, 14 (E.D. Pa. 1974).

The Lanham Act also introduced certain innovations into the law of trademarks. Thus, registration of a trademark under the Lanham Act is *prima facie* evidence of ownership of the mark and of the owner's exclusive right to use the mark. See 15 U.S.C. § 1057(b) (1982). Further, the registration serves as constructive notice of a claim of ownership so as to eliminate any defense of good faith adoption. See *id.* at § 1072. Finally, the Lanham Act incorporates the concept of incontestability, whereby, under certain conditions, registrations can become conclusive evidence of registrant's exclusive right to use the mark. See *id.* at § 1065. Among other benefits, an incontestable registration cannot be attacked on the grounds of descriptiveness. See *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 205 (1985).

2. 15 U.S.C. § 1127 (1982 & Supp. IV 1986). "A mark shall be deemed to be 'abandoned'—(a) When its use has been discontinued with intent not to resume. Intent not to resume may be inferred from circumstances. Nonuse for two consecutive years shall be *prima facie* abandonment." *Id.*

3. See *id.* Under this definition, advertisement of goods, absent sale or shipment, is not use. See *In re Ancha Elec., Inc.*, 1 U.S.P.Q.2d (BNA) 1318, 1320 (T.T.A.B. 1986); *In*

ter must be shipped or sold in interstate commerce.<sup>4</sup> The intent requirement of the definition, however, has given rise to considerable confusion among the courts<sup>5</sup>—confusion that has been exacerbated by disagreement over the effect on the burden of proof of the Lanham Act's provision that "[n]onuse [of a mark] for two consecutive years shall be prima facie abandonment."<sup>6</sup>

Courts confronted with an abandonment question must decide three issues: what is the weight of the ultimate burden of proof on the abandonment issue; what is the effect of the Lanham Act's rebuttable presumption of abandonment; and what must the trademark owner prove in order to rebut the charge of abandonment.<sup>7</sup>

It is clear that the initial burden of proof in abandonment cases rests on the party charging abandonment.<sup>8</sup> Courts disagree, however, on the

---

*re International Paper Co.*, 153 U.S.P.Q. (BNA) 424, 424-25 (T.T.A.B. 1967). A "display associated with the goods" generally includes material such as posters, shelf talkers, window displays, or banners that are displayed near the goods at the point of sale. See Trademark Manual of Examining Procedure § 808.06, at 800-25 (7th rev. ed. 1986). The term, however, has been interpreted more broadly. See *In re Shipley Co.*, 230 U.S.P.Q. (BNA) 691, 693-94 (T.T.A.B. 1986) (use of mark on booth at trade show is a use on display associated with the goods and not mere advertising). Note that there must be a use in association with the goods. Thus, providing repair services for previously sold goods is not use under the Lanham Act. See *Kardex Sys. v. Sistemco N.V.*, 583 F. Supp. 803, 813 (D. Me. 1984).

4. See 15 U.S.C. § 1127 (1982 & Supp. IV 1986). Unlike patent law, see *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225 (1964), and copyright law, 17 U.S.C. § 301 (1982); see *Baltimore Orioles, Inc. v. Major League Baseball Players Ass'n*, 805 F.2d 663 (7th Cir. 1986), *cert. denied*, 107 S. Ct. 1593 (1987), the Lanham Act does not preempt state regulation of its subject matter, namely trademarks. See *Golden Door, Inc. v. Odisho*, 646 F.2d 347, 352 (9th Cir. 1980); *Kiwanis Int'l v. Ridgewood Kiwanis Club*, 627 F. Supp. 1381, 1390-91 (D.N.J. 1986), *rev'd on other grounds*, 806 F.2d 468 (3rd Cir. 1986), *cert. dismissed*, 108 S. Ct. 362 (1987). See generally *United States Trademark Ass'n, State Trademark and Unfair Competition Law* (1988) (compilation and explication of state trademark and unfair competition laws).

5. Compare *Defiance Button Mach. Co. v. C&C Metal Prods. Corp.*, 759 F.2d 1053, 1060 (2d Cir.) (finding no abandonment when trademark owner ceased use but retained capacity to resume operations within a reasonable time under circumstances), *cert. denied*, 474 U.S. 844 (1985) with *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1551 (11th Cir. 1986) (finding trademark owner's renewal of registration in Patent and Trademark Office insufficient to rebut presumption of abandonment), *cert. denied*, 107 S. Ct. 1983 (1987) and *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 102-03 (5th Cir. 1983) (holding trademark owner must intend to resume active commercial use of mark after over two year's nonuse, and token sales insufficient to rebut presumption of abandonment); see also *infra* notes 93-124 and accompanying text.

6. 15 U.S.C. § 1127 (1982 & Supp. IV 1986); see *infra* notes 118-122 and accompanying text.

7. See, e.g., *E. Remy Martin & Co. v. Shaw-Ross Int'l Imports, Inc.*, 756 F.2d 1525, 1532 (11th Cir. 1985); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1043-44 (2d Cir. 1980); *SODIMA v. International Yogurt Co.*, 662 F. Supp. 839, 843-45 (D. Or. 1987).

8. See, e.g., *Saxlehner v. Eisner & Mendelson Co.*, 179 U.S. 19, 31 (1900); *Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1516 (11th Cir. 1984); *P.A.B. Produits et Appareils de Beaute v. Satinine Societa in Nome Collettivo di S.A.*, 570 F.2d 328, 332-33 (C.C.P.A. 1978).

weight of that burden. Most conclude that abandonment, being in the nature of a forfeiture, must be strictly proved.<sup>9</sup> Others, however, find abandonment without requiring strict proof.<sup>10</sup>

It is also clear that the Lanham Act provision relating to prima facie abandonment creates a rebuttable presumption of abandonment when the mark has not been used for over two years.<sup>11</sup> Here too, however, courts disagree on the effect of this rebuttable presumption. Some hold that when the presumption is triggered, the burden of proof shifts to the trademark owner to prove lack of abandonment—that is, to prove either that he is using the mark, or that he intends to resume use.<sup>12</sup> Others take the position that the rebuttable presumption of abandonment only shifts the burden of going forward with the evidence.<sup>13</sup> Under this analysis, once the presumption has been triggered, the burden shifts to the trademark owner to produce some evidence rebutting the presumption of abandonment.<sup>14</sup> When this burden has been satisfied, however, the ultimate burden of proof returns to the party charging abandonment.<sup>15</sup>

Finally, there is the question of what the trademark owner must prove to successfully defend against a charge of abandonment. This question, of course, is intimately related to the burden of proof question.<sup>16</sup> Some courts require that the trademark owner prove that he intends to resume active commercial use of the mark.<sup>17</sup> Others only require that the trademark owner provide evidence of acts inconsistent with an intent to

---

9. See, e.g., *Prudential Ins. Co. v. Gibraltar Fin. Corp.*, 694 F.2d 1150, 1156 (9th Cir. 1982), *cert. denied*, 463 U.S. 1208 (1983); *United States Jaycees v. Philadelphia Jaycees*, 639 F.2d 134, 139 (3d Cir. 1981); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980). Courts have continually used the phrase "strict proof" without defining the meaning of "strict." The phrase was apparently first used in an early hornbook. See W.H. Browne, *A Treatise on the Law of Trade-Marks and Analogous Subjects* § 681, at 541 (1873). Presumably the proof must be strict because equity abhors a forfeiture. Some courts speak of clear and convincing, rather than strict, proof. See *Interstate Brands Corp. v. Way Baking Co.*, 403 Mich. 479, 482, 270 N.W.2d 103, 105 (1978).

10. See, e.g., *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1549-51 (11th Cir. 1986), *cert. denied*, 107 S. Ct. 1983 (1987); *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 99-103 (5th Cir. 1983); see also *infra* note 86 and accompanying text.

11. See *E. Remy Martin & Co. v. Shaw-Ross Int'l Imports, Inc.*, 756 F.2d 1525, 1532 (11th Cir. 1985); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1043-44 (2d Cir. 1980).

12. See, e.g., *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1549-51 (11th Cir. 1986), *cert. denied*, 107 S. Ct. 1983 (1987); *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 102 (5th Cir. 1983).

13. See *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980); *SODIMA v. International Yogurt Co.*, 662 F. Supp. 839, 845 (D. Or. 1987).

14. See *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 769 F.2d 1393, 1396 (9th Cir. 1985); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980); *SODIMA v. International Yogurt Co.*, 662 F. Supp. 839, 845 (D. Or. 1987).

15. See *Star-Kist*, 769 F.2d at 1396; *Saratoga*, 625 F.2d at 1044; *SODIMA*, 662 F. Supp. at 845.

16. See *SODIMA*, 662 F. Supp. at 845.

17. See *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1550 (11th Cir. 1986), *cert. denied*, 107 S. Ct. 1983 (1987); *Hiland Potato Chip Co. v. Culbro Snack Foods, Inc.*, 720

abandon.<sup>18</sup>

Thus, there is little agreement among the courts as to how an abandonment question should be answered.<sup>19</sup> Most cases, however, involve a common theme: they demonstrate the courts' consistent failure to address whether goodwill in the allegedly abandoned trademark persists even after use of the mark has ceased.<sup>20</sup>

Persistence of goodwill in the context of an abandonment question means that the public continues to recognize the mark as identifying a particular product even after a period of nonuse.<sup>21</sup> It is submitted that when a trademark has persisting or residual goodwill, even after a period of nonuse, doubts should be resolved in favor of the trademark owner

---

F.2d 981, 984 (8th Cir. 1983) (per curiam); *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 102 (5th Cir. 1983).

18. See, e.g., *Defiance Button Mach. Co. v. C&C Metal Prods. Corp.*, 759 F.2d 1053, 1060 (2d Cir.), cert. denied, 474 U.S. 844 (1985); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980); *Silverman v. CBS Inc.*, 666 F. Supp. 575, 579 (S.D.N.Y. 1987).

19. The basic question is at what point should abandonment be found. As one court put it, it is not the law that "the slightest cessation of use causes a trade-mark to roll free, like a fumbled football, so that it may be pounced upon by any alert opponent." *Continental Distilling Corp. v. Old Charter Distillery Co.*, 188 F.2d 614, 619 (D.C. Cir. 1950) (footnote omitted). This is, of course, true, but it is likewise true that abandonment cases often involve considerably more than "the slightest cessation of use." See, e.g., *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1550 (11th Cir. 1986) (no use for almost 50 years), cert. denied, 107 S. Ct. 1983 (1987); *Silverman v. CBS Inc.*, 666 F. Supp. 575, 576 (S.D.N.Y. 1987) (no use for 23 years). This kind of cessation of use, it is submitted, is definitely a fumbled football. The only question is whether the whistle had blown on the play before the fumble occurred.

20. See *infra* notes 95-102 and accompanying text. McCarthy defines goodwill as "a business value which reflects the basic human propensity to continue doing business with a seller who has offered goods and services which the customer likes and has found adequate to fulfill his needs." J. McCarthy, *supra* note 1, § 2:8, at 72. The existence of goodwill in association with a trademark means that a significant proportion of the consuming public recognizes the mark, knows that the mark identifies a particular product, and has favorable associations with the mark and confidence in the quality of the product such that they will continue to purchase the trademarked product. See *Premier Dental Prods. Co. v. Darby Dental Supply Co.*, 794 F.2d 850, 853 n.3 (3rd Cir.), cert. denied, 107 S. Ct. 436 (1986).

Goodwill is important in other contexts as well. Thus, a trademark cannot be assigned apart from the underlying goodwill represented by the mark. See 15 U.S.C. § 1060 (1982). An assignment without goodwill is called an assignment in gross and invalidates the assignment. See *Premier Dental*, 794 F.2d at 853; *Marshak v. Green*, 746 F.2d 927, 929 (2d Cir. 1984); *Haymaker Sports, Inc. v. Turian*, 581 F.2d 257, 260-61 (C.C.P.A. 1978).

21. See *Defiance Button Mach. Co. v. C&C Metal Prods. Corp.*, 759 F.2d 1053, 1060 (2d Cir.) ("[G]oodwill does not ordinarily disappear or completely lose its value overnight. Erosion from non-use is a gradual process."), cert. denied, 474 U.S. 844 (1985); *Sterling Brewers, Inc. v. Schenley Indus.*, 441 F.2d 675, 679 (C.C.P.A. 1971) (brewer's willingness to pay considerable sum for rights to mark, even after nonuse for over eight years, evidences that reservoir of good will remains); *American Motors Corp. v. Action-Age, Inc.*, 178 U.S.P.Q. (BNA) 377, 377-79 (T.T.A.B. 1973) (finding continuing reservoir of goodwill where mark RAMBLER discontinued on new automobiles, but RAMBLER parts and accessories continued to be supplied to owners of old vehicles).

and against the competitor charging abandonment.<sup>22</sup> Further, the three questions set forth above should be answered in a way that makes it as difficult as possible to find a trademark abandoned whenever goodwill in the mark persists.<sup>23</sup>

This approach takes into consideration the policies underlying the Lanham Act and protection of trademarks in general,<sup>24</sup> which lead to the conclusion that the public interest in not being deceived by confusingly similar trademarks is the most important policy.<sup>25</sup> This overriding goal can be advanced only by giving the strongest possible protection to trademarks that have persisting goodwill, even if the trademark in question has not been used for a period of time.<sup>26</sup>

Part I of this Note develops the necessary analytical framework for discussing a trademark abandonment question. Part II sets forth the policy considerations underlying the protection of trademarks and argues that the most important is that of protecting the public's interest in not being confused by similar marks. Part III outlines the preferred approach for analyzing an abandonment problem and demonstrates the ways in which the actual responses of the courts are inadequate in light of the most important principle underlying the Lanham Act—protecting the public from confusion.

## I. THE LAW OF TRADEMARKS AND TRADEMARK ABANDONMENT

A trademark "includes any word, name, symbol, or device or any combination thereof adopted and used by a manufacturer or merchant to identify his goods . . . and distinguish them from those manufactured or sold by others and to indicate the source of the goods, even if that source is unknown."<sup>27</sup> In the United States, unlike many foreign countries, rights in a trademark accrue through use<sup>28</sup> of the mark rather than through the fact of registration.<sup>29</sup> Furthermore, once a trademark is reg-

---

22. See *infra* notes 80-92 and accompanying text; see also J. McCarthy, *supra* note 1, § 17:6, at 105 (Supp. 1987).

23. See *infra* notes 80-92 and accompanying text; see, e.g., *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 769 F.2d 1393, 1396 (9th Cir. 1985); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980); *Silverman v. CBS Inc.*, 666 F. Supp. 575, 579-80 (S.D.N.Y. 1987).

24. For a discussion of these policies, see *infra* notes 41-72 and accompanying text.

25. See *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.*, 781 F.2d 604, 609 (7th Cir. 1986); *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1119 (Fed. Cir. 1985); *infra* notes 44-48 and accompanying text.

26. See *infra* notes 80-92 and accompanying text.

27. 15 U.S.C. § 1127 (1982 & Supp. IV 1986).

28. See *supra* note 3 and accompanying text.

29. Section 1 of the Lanham Act provides that: "[t]he owner of a trade-mark *used in commerce* may register his trade-mark under this [Act]. . . ." 15 U.S.C. § 1051 (1982) (emphasis added). In most other countries of the world, an applicant for registration need not have used his trademark prior to filing the application. See generally *Trademarks Throughout the World* 951-54 (A. Jacobs 4th ed. 1987) (providing tables setting

istered, it must continue to be used.<sup>30</sup> Otherwise, the courts or the Patent and Trademark Office may cancel the registration on the grounds of abandonment.<sup>31</sup>

Section 45 of the Lanham Act provides that a mark shall be deemed abandoned when "its use has been discontinued with intent not to resume."<sup>32</sup> As noted previously, courts disagree on how to define "intent not to resume."<sup>33</sup>

This statutory threat of cancellation, and the abandonment question in general, constitute matters of great practical significance for trademark owners whose portfolios include trademarks that have not been used for many years.<sup>34</sup> If, on the one hand, the owner must prove intent to re-

---

forth countries in which first registrant acquires exclusive rights in mark, and countries in which first user of a mark is entitled to registration).

Even in countries that nominally are "use" countries in that the first user is entitled to registration, an application for registration may be lodged on the basis of proposed, rather than actual, use. This is true of the United Kingdom, *see* Trade Marks Act of 1938, 1 & 2 Geo. 6, ch. 22, Canada, *see* Trade Marks Act, Can. Rev. Stat. ch. T-10 (1970), and British law countries in general. *See* A. E. Horwitz, *World Trademark Law and Practice*, CAN-1—CAN-110 (1982) (law of Canada); B. E. Horwitz, *World Trademark Law and Practice*, UK-1—UK-170 (1982) (law of United Kingdom). In Canada, the application may be based on proposed use, but the registration will not issue until the mark actually has been used and a declaration attesting to such use has been filed. *See* McMahon, *Canadian Trademark Law A Bridge Between United States and Foreign Law*, 4 *Suffolk Transnational L.J.* 251, 258 (1980); Murrow, *The Concept of "Use" Under Canadian Trademark Law*, 65 *Trademark Rep.* 223, 225 (1975). Section 44 of the Lanham Act contains an exception to the general requirement of actual use by providing for so-called convention applications based on applications in a foreign country by a foreign national "whose country of origin is a party to any convention or treaty relating to trademarks . . . to which the United States is also a party." 15 U.S.C. § 1126(b) (1982). The foreign applicant need not have used the mark anywhere in the world prior to filing of the United States application. *See* *Crocker Nat'l Bank v. Canadian Imperial Bank of Commerce*, 223 U.S.P.Q. (BNA) 909 (T.T.A.B. 1984). Apart from this exception, though, a trademark must be used in commerce in (or with) the United States before an application for registration may be filed. *See* 15 U.S.C. § 1127 (1982 & Supp. IV 1986) (definitions of "commerce" and "use in commerce").

30. 15 U.S.C. §§ 1058, 1059, 1127 (1982 & Supp. IV 1986); *see* *Corporate Fitness Programs Inc. v. Weider Health & Fitness Inc.*, 2 U.S.P.Q.2d (BNA) 1682, 1688 (T.T.A.B. 1987) (token use for purposes of registration must be followed by activities that show intent to place product on market on a commercial scale); *Sinclair v. Deb Chem. Proprietaries Ltd.*, 137 U.S.P.Q. (BNA) 161, 164 (T.T.A.B. 1963) (registrant must use mark within two years after registration).

31. The Lanham Act provides that trademark registrations may be cancelled—that is, struck from the register—for a number of specified reasons, including abandonment. *See* *International Tel. & Tel. Corp. v. International Mobile Machs. Corp.*, 218 U.S.P.Q. 1024, 1025 (BNA) (T.T.A.B. 1983); 15 U.S.C. § 1064 (1982 & Supp. IV 1986). Furthermore, proof of abandonment is a complete defense to a charge of infringement. *See* 15 U.S.C. § 1115(b)(2) (1982); *Kardex Sys. v. Sistemco N.V.*, 583 F. Supp. 803, 811-13 (D. Me. 1984); *Hurricane Fence Co. v. A-1 Hurricane Fence Co.*, 468 F. Supp. 975, 987 (S.D. Ala. 1979).

32. 15 U.S.C. § 1127 (1982 & Supp. IV 1986).

33. *See supra* note 5 and accompanying text.

34. *Cf. AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1550 (11th Cir. 1986) (no use of mark for almost 50 years, but trademark owner resisted claim of abandonment), *cert. denied*, 107 S. Ct. 1983 (1987); *Silverman v. CBS Inc.*, 666 F. Supp. 575, 576 (S.D.N.Y.

sume active commercial use, then many of those reserve trademarks may be of limited value because they are vulnerable to a petition for cancellation on the basis of abandonment.<sup>35</sup> If, on the other hand, actual intent to abandon must be shown, then the owner is relatively safe because there are many acts that arguably are inconsistent with an intent to abandon.<sup>36</sup>

This dispute over the definition of intent in the context of abandonment cannot be resolved by reference to the statutory language, which is susceptible to at least two interpretations,<sup>37</sup> nor by reference to the legislative history, which is inconclusive at best.<sup>38</sup> Accordingly, courts must consider the policies underlying the protection of trademarks in general and the Lanham Act in particular.<sup>39</sup> Such an analysis would evaluate the relative importance of the policies and then ask how the various ap-

---

1987) (no use for 23 years, but trademark owner resisted attempt by Silverman to use mark).

35. See, e.g., *La Societe Anonyme des Parfums LeGalion v. Jean Patou, Inc.*, 495 F.2d 1265, 1273-74 (2d Cir. 1974) (89 bottles of perfume sold in 20 years; abandonment found); *Lipton Indus. v. Ralston Purina Co.*, 670 F.2d 1024, 1031 (C.C.P.A. 1982) (two shipments in ten years; abandonment found).

36. See *Silverman v. CBS Inc.*, 666 F. Supp. 575, 579-80 (S.D.N.Y. 1987). In *Silverman*, the defendant, CBS, owned all copyright and trademark rights in the AMOS 'N' ANDY characters of radio and television fame. *Id.* at 576. The AMOS 'N' ANDY television program had been withdrawn from television syndication in 1964 and had not been aired since then. *Id.* In defending against a charge of abandonment, CBS pointed out that it had licensed certain uses of the property for educational and historical purposes, *id.* at 576-77, that it had renewed copyrights in the radio and TV programs, *id.* at 577, that it had policed infringing uses of the mark, *id.*, and that it periodically reconsidered the question whether the time was ripe to resume full commercial use. *Id.* at 577. All of these acts were found to be inconsistent with an intent to abandon and, thus, despite CBS's admission that it had no present plans to resume use, the court held that there was no abandonment. *Id.* at 581; see also *Rick v. Buchansky*, 609 F. Supp. 1522, 1540 (S.D.N.Y.) (plaintiff's "tenacity" in pursuing infringement claims disproves abandonment), *appeal dismissed*, 770 F.2d 157 (2d Cir. 1985). But see *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531 (11th Cir. 1986) (renewal of registration for mark POLAR B'AR in Patent and Trademark Office insufficient to prove intent to resume use), *cert. denied*, 107 S. Ct. 1983 (1987).

The owner also can defend by arguing "excusable nonuse." Thus, the statute provides that a trademark registration must be renewed every 20 years and that the application for renewal must allege that the mark "is still in use in commerce." 15 U.S.C. § 1059 (1982). If the mark is not in use, however, renewal still can be effected if the owner shows that the "nonuse is due to special circumstances which excuse such nonuse and . . . is not due to any intention to abandon the mark." *Id.* This concept of excusable nonuse appears in the legislative history. See *Hearings on H.R. 82 Before a Subcomm. of the Senate Comm. on Patents*, 78th Cong., 2d Sess. 28 (1944). There it is defined to require "circumstances beyond the control of the registrant" such as war or Prohibition. *Id.* (testimony of Mr. Fenning); see also *Defiance Button Mach. Co. v. C&C Metal Prods. Corp.*, 759 F.2d 1053, 1060 (2d Cir.) (going out of business), *cert. denied*, 474 U.S. 844 (1985); *Stock Pot Restaurant, Inc. v. Stockpot, Inc.*, 737 F.2d 1576, 1580 (Fed. Cir. 1984) (same); *Chandon Champagne Corp. v. San Marino Wine Corp.*, 335 F.2d 531, 535 (2d Cir. 1964) (forced wartime withdrawal from American market; no abandonment); *Olympia Brewing Co. v. Northwest Brewing Co.*, 178 Wash. 533, 35 P.2d 104, 107 (1934) (Prohibition).

37. See *supra* notes 17-18 and accompanying text.

38. See *infra* note 113 and accompanying text.

39. See *infra* notes 41-72 and accompanying text.



proaches of the courts would advance or retard these policies.<sup>40</sup>

## II. PROTECTION OF THE PUBLIC INTEREST IS THE MOST IMPORTANT POLICY UNDERLYING TRADEMARK PROTECTION

Three major policy factors underlie the protection of trademarks: the public interest in not being deceived as to the source or origin of goods, the trademark owner's proprietary interest in the goodwill created by the mark, and the competitor's interest in being free to use a mark that has been abandoned.<sup>41</sup> Most authorities cite the protection of consumers and the securing of the owner's interest in his mark as the two most important policy goals of the Lanham Act.<sup>42</sup> Considerable authority exists, however, for the proposition that protecting the public interest forms the single most important policy factor in trademark law.<sup>43</sup>

### A. *The Public Interest*

The Senate Report of the Lanham Act declares that the first policy

---

40. See *infra* notes 73-79 and accompanying text.

41. See J. McCarthy, *supra* note 1, § 2:1, at 44-51. The latter policy of protecting the competitor's interest is arguably of minor significance. See *infra* notes 69-72 and accompanying text.

42. The Senate Report of the Lanham Act set forth the basic purposes of trademark legislation as follows:

The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats.

S. Rep. No. 1333, 79th Cong., 2d Sess. 3 (1946), reprinted in 1946 U.S. Code Cong. Serv. 1274; see also *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 193 (1985); *Ameritech Inc. v. American Information Technologies Corp.*, 811 F.2d 960, 964 (6th Cir. 1987); *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1119 (Fed. Cir. 1985).

43. Professor McCarthy has noted that likelihood of confusion is the "keystone" of the law of trademarks and unfair competition. See J. McCarthy, *supra* note 1, § 2:3, at 54. Courts have consistently sounded this theme that protection of the public from confusion as to the source of goods is the paramount concern of trademark law. Thus in *Metropolitan Life Ins. Co. v. Metropolitan Ins. Co.*, 277 F.2d 896 (7th Cir. 1960), the court noted that defendant's actions created a "deceptive situation giving rise to the likelihood of confusion in the public mind. That this may tend to harm plaintiff is properly to be considered. However, the paramount concern of the courts is the protection of the public interest." *Id.* at 900. Likewise in *James Burrough Ltd. v. Sign of Beefeater, Inc.*, 540 F.2d 266 (7th Cir. 1976), Chief Judge Markey stated that in a trademark infringement action the court must consider more than the interests of the two parties involved. "A third party, the consuming public, is present and its interests are paramount. Hence infringement is found when the evidence indicates a likelihood of confusion, deception or mistake on the part of the consuming public." *Id.* at 274. See also *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.*, 781 F.2d 604, 609 (7th Cir. 1986); *In re Owens-Corning Fiberglas Corp.*, 774 F.2d 1116, 1119 (Fed. Cir. 1985); *Sardi's Restaurant Corp. v. Sardie*, 755 F.2d 719, 723 (9th Cir. 1985); *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670, 694 (S.D.N.Y. 1963).

goal of the bill is protection of the public.<sup>44</sup> The goal, then, is to prevent consumers from being deceived as to the source or origin of goods.<sup>45</sup> Put more positively, the goal is to lower the consumers' search costs by making it easy and convenient for them to find the particular product they are looking for.<sup>46</sup>

The Lanham Act accomplishes these goals by outlawing the use of a trademark that is "likely to cause confusion, or to cause mistake, or to deceive."<sup>47</sup> Thus, in ruling on a trademark infringement matter, a court must decide whether consumers, on seeing defendant's mark, would be likely to believe that the defendant's enterprise is in some way related to, connected with, affiliated with, or sponsored by the plaintiff.<sup>48</sup>

### B. *Trademark Owner's Interest Must Not Prevail Over the Public's Interest*

The policy factor of protecting the trademark owner's interest in the trademark as a property right also holds considerable importance.<sup>49</sup> The Supreme Court has noted that a trademark owner seeks to "impregnate the atmosphere of the market with the drawing power of a congenial symbol."<sup>50</sup> Once this has been accomplished, the trademark owner has something of value.<sup>51</sup> The owner's interest, however, must not be allowed to become more important than the public's interest.<sup>52</sup> Otherwise,

---

44. S. Rep. No. 1333, 79th Cong., 2d Sess. 3 (1946), *reprinted in* 1946 U.S. Code Cong. Serv. 1274.

45. *See* *Falcon Rice Mill, Inc. v. Community Rice Mill, Inc.*, 725 F.2d 336, 345 (5th Cir. 1984); *Anti-Monopoly, Inc. v. General Mills Fun Group*, 611 F.2d 296, 300-01 (9th Cir. 1979) (quoting *HMH Publishing Co. v. Brincat*, 504 F.2d 713, 716 (9th Cir. 1974)); *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976).

46. The court in *W.T. Rogers Co. v. Keene*, 778 F.2d 334 (7th Cir. 1985), stated:  
The purpose is to reduce the cost of information to consumers by making it easy for them to identify the products or producers with which they have had either good experiences, so that they want to keep buying the product . . . or bad experiences, so that they want to avoid the product. . . .  
*Id.* at 338; *see* *Blau Plumbing, Inc. v. S.O.S. Fix-It, Inc.*, 781 F.2d 604, 609 (7th Cir. 1986). *See generally* Landes & Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & Econ. 265, 269 (1987) (general discussion of economic rationale of trademark protection). For those who are intimidated by equations and economic jargon, a more readable version of the Landes-Posner article has been published in *The Trademark Reporter*. *See* Landes & Posner, *The Economics of Trademark Law*, 78 *Trademark Rep.* 267 (1988).

47. 15 U.S.C. § 1114(1)(a) (1982).

48. *See, e.g.*, *Jordache Enters. v. Hogg Wyld, Ltd.*, 828 F.2d 1482, 1484 (10th Cir. 1987); *Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831, 834 (6th Cir. 1983); *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47 (2d Cir. 1978) (*per curiam*), *cert. denied*, 439 U.S. 1116 (1979).

49. *See* *Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 205 (1942); *see also* S. Rep. No. 1333, 79th Cong., 2d Sess. 3 (1946), *reprinted in* 1946 U.S. Code Cong. Serv. 1274.

50. *Mishawaka*, 316 U.S. at 205.

51. *Id.*

52. *See* *General Mills, Inc. v. Henry Regnery Co.*, 421 F. Supp. 359, 362 (N.D. Ill. 1976) (*BETTY COOKER'S CROCK BOOK FOR DRUNKS* with picture of Morey

trademark law would resemble copyright law,<sup>53</sup> thus destroying the balance Congress sought to achieve in granting the various monopolies associated with intellectual property rights.<sup>54</sup>

The universe of intellectual property rights is very carefully structured so that the power of the monopoly granted exists in inverse proportion to its temporal extent. For example, the strongest monopoly, the patent, has the shortest life span—seventeen years<sup>55</sup>—because the patent monopoly gives the holder the right to bar anyone from making, using or selling the patented invention.<sup>56</sup> The copyright monopoly, which allows the author to bar another from making copies of the copyrighted work,<sup>57</sup> has a greater life span—life of the author plus fifty years.<sup>58</sup> The monopoly is limited, however. If another party independently creates the work,<sup>59</sup> or creates the work using sources other than the copyrighted work,<sup>60</sup> then

---

Amsterdam pouring booze over salad held not confusingly similar with BETTY CROCKER mark).

53. The governing law on copyrights in the United States is the Copyright Act of 1976, 17 U.S.C. §§ 101-914 (1982 & Supp. IV 1986). See *infra* notes 55-63 and accompanying text. There is, of course, a public interest associated with copyright law, namely the interest in dissemination of the copyrighted work. See *Financial Information, Inc. v. Moody's Investors Serv.*, 751 F.2d 501, 507-08 (2d Cir. 1984). When this interest conflicts with the interest of the copyright owner in reaping the benefits of his labor, however, the latter usually prevails. See *Harper & Row Publishers v. Nation Enters.*, 471 U.S. 539, 569 (1985) (public interest in details of President Ford's autobiography does not justify copyright infringement).

54. "Monopoly" is a loaded term and perhaps gives a misleading impression when used in association with the law of intellectual property. A trademark, for example, is probably not a monopoly in any proper sense. See *infra* note 62. On the other hand, the Constitution speaks of the "exclusive Right" of patents and copyrights. U.S. Const. art. I, § 8, cl. 8. Also the Senate Report of the Lanham Act notes that trademarks are not "monopolistic grants" like patents and copyrights. See S. Rep. 1333, 79th Cong., 2d Sess. 3-4 (1946), reprinted in 1946 U.S. Code Cong. Serv. 1275.

55. See 35 U.S.C. § 154 (1982). The governing law on patents in the United States is found in 35 U.S.C. §§ 1-376 (1982 & Supp. III 1985). The 17-year term applies to utility patents, which cover any "new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof." *Id.* at § 101. Design patents, which cover "any new, original and ornamental design for an article of manufacture," *id.* at § 171, have a term of 14 years. See *id.* at § 173.

56. *Id.* at § 271; see *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470, 490 (1974) ("patent law operates 'against the world,' forbidding any use of the invention for whatever purpose for a significant length of time"); *Blair v. Westinghouse Elec. Corp.*, 291 F. Supp. 664, 670 (D.D.C. 1968) ("[I]nfringement may be entirely inadvertent and unintentional and without knowledge of the patent. In this respect the law of patents is entirely different from the law of copyright."); see also Bernstein, *Is a Plant Patent a Form of Copyright?*, 27 *Idea* 31, 31-32 (1986) (exploring differences between patent and copyright law).

57. See 17 U.S.C. §§ 106, 501 (1982).

58. See 17 U.S.C. § 302(a) (1982). Copyright in anonymous and pseudonymous works and works made for hire endures for a term of 75 years from the year of first publication or 100 years from the year of creation, whichever expires first. See *id.* at § 302(e).

59. See *Selle v. Gibb*, 741 F.2d 896, 904 (7th Cir. 1984); *Nichols v. Universal Pictures Corp.*, 45 F.2d 119, 121-22 (2d Cir. 1930), cert. denied, 282 U.S. 902-03 (1931).

60. See *Selle*, 741 F.2d at 904; *Sheldon v. Metro-Goldwyn Pictures Corp.*, 81 F.2d 49, 54 (2d Cir.), cert. denied, 298 U.S. 669 (1936); see also *Darrell v. Joe Morris Music Co.*,

there is no infringement.<sup>61</sup> Finally, the least extensive monopoly is the trademark,<sup>62</sup> which has a potentially infinite life span.<sup>63</sup>

A trademark owner may enforce his trademark against use by another of a mark that is likely to confuse or deceive the public.<sup>64</sup> If there is no likelihood of confusion, the owner may not bar the use, even of an identical trademark, by another.<sup>65</sup> Congress' adoption of the likelihood of confusion standard in this context manifests the policy of protecting the public interest.<sup>66</sup> If the trademark owner's interest were to dominate over that of protecting the public, then trademark law would become indistinguishable from copyright law.<sup>67</sup> The trademark owner would obtain all the benefits of copyright law, such as the right to bar use by others irrespective of whether the public is confused, without the correspondingly limited life span of the copyright.<sup>68</sup>

---

113 F.2d 80, 80 (2d Cir. 1940) ("simple, trite themes . . . are likely to recur spontaneously . . . and [only few] . . . suit the infantile demands of the popular ear").

61. See *Selle*, 741 F.2d at 905-06; *Novelty Textile Mills, Inc. v. Joan Fabrics Corp.*, 558 F.2d 1090, 1093 (2d Cir. 1977).

62. Some would say it is not a monopoly at all. See *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97-98 (1918) ("The owner of a trade-mark may not, like the proprietor of a patented invention, make a negative and merely prohibitive use of it as a monopoly."); see also S. Rep. 1333, 79th Cong., 2d Sess. 3-4 (1946), reprinted in 1946 U.S. Code Cong. Serv. 1274-75 (trademarks are not "monopolistic grants" like patents and copyrights). On the other hand it has been recognized that "[t]rademark law . . . confers private rights, which are themselves rights of exclusion." *K. Mart Corp. v. Cartier, Inc.*, 108 S. Ct. 950, 957 (1988); see also *Great Atl. & Pac. Tea Co. v. Cream of Wheat Co.*, 224 F. 566, 572 (S.D.N.Y. 1915) (a trademark is a "lawful monopoly"; the trademark owner "has the monopoly of a creator, something which is not and never has been within the prohibition of any law . . ."). See generally R. Callmann, *The Law of Unfair Competition Trademarks and Monopolies* § 4.53 (4th ed. 1981) (general discussion of trademark monopoly's interface with antitrust laws).

63. See 15 U.S.C. § 1059 (1982) (renewal of trademark registration can be effected every 20 years).

64. See 15 U.S.C. § 1114(1) (1982); *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 204 (2d Cir. 1979).

65. See *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47 (2d Cir. 1978) (per curiam), cert. denied, 439 U.S. 1116 (1979); *James Burrough Ltd. v. Sign of Beef-eater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976).

66. See *supra* notes 44-48 and accompanying text.

67. See *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 405 (8th Cir. 1987), petition for cert. filed, 56 U.S.L.W. 3819 (U.S. May 17, 1988) (No. 87-1908); *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1010-11 (5th Cir.), cert. denied, 423 U.S. 868 (1975); *General Mills, Inc. v. Henry Regnery Co.*, 421 F. Supp. 359, 362 n.2 (N.D. Ill. 1976).

68. See *supra* notes 57-58. The problem also arises in connection with state laws prohibiting trademark "dilution." Typically, these laws do not require that the trademark owner prove likelihood of confusion, see, e.g., Cal. Bus. & Prof. Code § 14330 (West 1987); Mass. Ann. Laws ch. 110B, § 12 (Law. Co-op. 1985); N.Y. Gen. Bus. Law § 368-d (McKinney 1984). The rationale of the dilution laws is to prevent the whittling away of the distinctive quality of famous trademarks by a "cancer-like growth of dissimilar products or services which feeds upon the business reputation of an established distinctive trade-mark or name." *Sally Gee, Inc. v. Myra Hogan, Inc.*, 699 F.2d 621, 624 (2d Cir. 1983) (quoting *Allied Maintenance Corp. v. Allied Mechanical Trades, Inc.*, 42 N.Y.2d 538, 543, 399 N.Y.S.2d 628, 632, 369 N.E.2d 1162, 1165 (1977)). The problem is that having done away with the likelihood of confusion requirement, the dilution laws

### C. *Protection of the Competitor's Interest Is Only a Corollary Policy*

The competitor's interest in using a mark occupies the place of a stepchild in the policy factor family. The Lanham Act's legislative history does not mention this factor except to the extent that it may be inferred from the emphasis given to the competition-stimulating function of trademarks.<sup>69</sup> Also, a few courts have mentioned this policy in the context of "encouraging competition from which the public benefits"<sup>70</sup> or in terms of discouraging the token use or "warehousing" of trademarks.<sup>71</sup> It is, however, generally not considered to be one of the pri-

---

potentially greatly expand the protection afforded the trademark owner. *See Shire, Dilution Versus Deception—Are State Antidilution Laws an Appropriate Alternative to the Law of Infringement?*, 77 Trademark Rep. 273 (1987) (criticizing on policy grounds this extension of protection).

A variation of the problem arises in the trademark parody case, where someone takes a well-known trademark and uses it to make a satiric or political point. In such a case, little danger of public confusion exists. But to the extent that the trademark is considered a property right, the courts may be disposed to protect it against a satiric use. *See Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397 (8th Cir. 1987) (defendant barred from selling MUTANT OF OMAHA T-shirts to dramatize his concerns about nuclear war), *petition for cert. filed*, 56 U.S.L.W. 3819 (U.S. May 17, 1988) (No. 87-1908).

69. *See* S. Rep. No. 1333, 79th Cong., 2d Sess. 3-4 (1946), *reprinted* in 1946 U.S. Code Cong. Serv. 1274-75. Professor Handler, in discussing the bill that was eventually to become the Lanham Act, cautioned that:

[P]rotection [for the trademark owner] must not be so good that it goes beyond protecting the public against fraud, goes beyond providing effective and efficient protection to the plaintiff and infringes upon the privilege of American traders in the traditional free American enterprise to enter a field and compete on a parity with those already in the field.

*Hearings on H.R. 82 Before a Subcomm. of the Comm. on Patents*, 78th Cong., 2d Sess. 106-07 (1944).

70. *Zippo Mfg. Co. v. Rogers Imports, Inc.*, 216 F. Supp. 670, 695 (S.D.N.Y. 1963).

71. *See National Color Laboratories, Inc. v. Philip's Foto Co.*, 273 F. Supp. 1002, 1004 (S.D.N.Y. 1967) (referring to "the interest of others in not being restrained from free use of trade names because of mere token use on the part of one"). The policy is also illustrated, at least by implication, in those cases disapproving of warehousing of marks. Warehousing or banking may be defined as the attempt to reserve trademarks for use at some unspecified time in the future. *See AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1550 (11th Cir. 1986), *cert. denied*, 107 S. Ct. 1983 (1987); *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 102 (5th Cir. 1983). Typically, warehousing occurs at the beginning of the trademark cycle, when the applicant decides that he likes a number of marks, makes token uses of the marks, and then files applications based on those token uses. *See, e.g., Ralston Purina Co. v. On-Cor Frozen Foods, Inc.*, 746 F.2d 801, 804-05 (Fed. Cir. 1984); *Fort Howard Paper Co. v. Kimberly-Clark Corp.*, 390 F.2d 1015, 1016-17 (C.C.P.A.), *cert. denied*, 393 U.S. 831 (1968). Token use at this stage is perfectly proper. *See Corporate Fitness Programs Inc. v. Weider Health & Fitness Inc.*, 2 U.S.P.Q.2d (BNA) 1682, 1688 (T.T.A.B. 1987). Subsequent to registration, the mark is either not used or minimally used, sometimes in what is called a "trademark maintenance" program. *See Procter & Gamble Co. v. Johnson & Johnson Inc.*, 485 F. Supp. 1185, 1204-07 (S.D.N.Y. 1979), *aff'd*, 636 F.2d 1203 (2d Cir. 1980). Since these marks possess little or no goodwill, it is fairly easy to find abandonment despite the minimal use. *See Lipton Indus. v. Ralston Purina Co.*, 670 F.2d 1024, 1031 (C.C.P.A. 1982) (finding abandonment where registration over 10 years old supported by only two shipments, one for application, one for declaration of use); *La Societe Anonyme des Parfums LeGalion v. Jean Patou, Inc.*, 495 F.2d 1265, 1272-73 (2d Cir. 1974) (89 bottles of perfume in 20

mary policies of trademark law.<sup>72</sup>

### III. ANALYSIS OF A TYPICAL ABANDONMENT PROBLEM

#### A. Policies as Outcome Determinative

A review of the policies underlying the protection of trademarks suggests that, at least in theory, the adoption of one policy or another as favored could be outcome-determinative of an abandonment problem. Thus, exclusive application of the policy factor of protecting the public from confusion would lead to the protection only of marks that have persisting goodwill:<sup>73</sup> if the goodwill of a mark has disappeared, the mark no longer is associated in the public's mind with the owner's goods or services, and therefore no possibility of fraud or deception exists.<sup>74</sup> Thus, if the courts consider the protection of the public to be the most important policy, then they will concentrate, in Professor McCarthy's words, on the "market place perception of the consumers"<sup>75</sup> and protect a trademark with residual goodwill, even after a period of nonuse.<sup>76</sup>

Conversely, solely applying the policy of protecting the owner's interest to the abandonment question would lead to absolute protection of trademarks against a claim of abandonment, whether or not the mark has persisting or residual goodwill and whether or not a possibility of public confusion exists.<sup>77</sup>

---

years—a "meager trickle"); *Procter & Gamble Co.*, 485 F. Supp. at 1204-07 (finding P&G's "minor brands" program, involving minimal yearly shipments, insufficient to create enforceable trademark rights); see generally, Landes & Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & Econ. 265, 281 (1987) (noting that "banking" of trademarks in Japan makes it more costly to enter the market there); Fletcher, "Time Out," "Snob," "Wipe Out" and "Chicken of the Sea": The Death Knell of "Token Use"?, 65 Trademark Rep. 336 (1975) (general discussion of token use). The disapproval of token use also extends to what are called "sham" uses, which are purely defensive uses of a mark designed to prevent others from using the mark. See *Intrawest Fin. Corp. v. Western Nat'l Bank*, 610 F. Supp. 950, 958 (D. Colo. 1985).

72. See *supra* notes 42-43 and accompanying text.

73. See *Defiance Button Mach. Co. v. C&C Metal Prods. Corp.*, 759 F.2d 1053, 1059 (2d Cir.), cert. denied, 474 U.S. 844 (1985); *Manhattan Indus. Inc. v. Sweater Bee by Banff, Ltd.*, 627 F.2d 628, 630 (2d Cir. 1980); *Pan Am. World Airways v. Panamerican School of Travel, Inc.*, 648 F. Supp. 1026, 1031 (S.D.N.Y.), *aff'd*, 810 F.2d 1160 (2d Cir. 1986).

74. See *Defiance*, 759 F.2d at 1059; *Pan American*, 648 F. Supp. at 1031.

75. As Professor McCarthy stated:

In the author's opinion, it is error to emphasize the non-user's intent over the market place perception of customers. While both aspects are relevant, where the firm claims lack of intent to abandon, the primary emphasis should be on the degree to which customers still recognize the mark, for it is this which will result in a likelihood of confusion.

J. McCarthy, *supra* note 1, § 17:6, at 105 (Supp. 1987).

76. See, e.g., *Defiance Button Mach. Co. v. C&C Metal Prods. Corp.*, 759 F.2d 1053, 1060 (2d Cir.), cert. denied, 474 U.S. 844 (1985); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980).

77. See, e.g., *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1011 (5th Cir.) (while finding for plaintiff despite absence of public confu-

Last, to the extent that the procompetition policy is viable it obviously cuts in the direction of finding against the trademark owner and in favor of the competitor charging abandonment.<sup>78</sup> Courts adhering to this procompetition policy will claim that their holdings strictly enforce the letter of the Lanham Act.<sup>79</sup>

### B. *The Correct Approach*

Most cases dealing with abandonment problems do not present the kinds of difficulties that this Note has been exploring. Thus, when use of a mark has been *de minimis*,<sup>80</sup> or when the owner has been unable to make up his mind what to do with a mark and, as a result, has failed to exploit the mark commercially,<sup>81</sup> then the decision to find abandonment is fairly easy because no goodwill associated with the mark can exist and thus no possibility of public confusion arises.<sup>82</sup> The more difficult case, however, is the one arising in the following hypothetical.

Assume that Company *A* has not used a trademark for over two years, but that the public still recognizes the mark as denoting a single source. In other words, the rebuttable presumption of abandonment has been triggered, but the mark has persisting goodwill. Assume further that Company *A* has no present plans to resume use of the mark, but it does not wish to abandon the property. Company *B* affixes a confusingly similar mark to related goods and, when charged with infringement by Company *A*, defends on the grounds of abandonment.

Courts first should recognize that failure to protect a trademark in this situation—where there is persisting goodwill in the mark—inevitably will lead to public confusion.<sup>83</sup> Given that the public still recognizes the

---

sion, court admitted that this may tilt trademark laws "from the purpose of protecting the public to the protection of the business interests of plaintiffs"), *cert. denied*, 423 U.S. 868 (1975); *Silverman v. CBS Inc.*, 666 F. Supp. 575, 580 (S.D.N.Y. 1987) (mark AMOS 'N' ANDY protected without discussion of whether goodwill in mark persisted).

78. See, e.g., *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 101 (5th Cir. 1983) ("The [Lanham] Act does not allow the preservation of a mark solely to prevent its use by others.").

79. See, e.g., *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1550-51 (11th Cir. 1986), *cert. denied*, 107 S. Ct. 1983 (1987); *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 101 (5th Cir. 1983).

80. See *Avakoff v. Southern Pac. Co.*, 765 F.2d 1097, 1098 (Fed. Cir. 1985); *La Societe Anonyme des Parfums LeGalion v. Jean Patou, Inc.*, 495 F.2d 1265, 1272 (2d Cir. 1974).

81. See *SODIMA v. International Yogurt Co.*, 662 F. Supp. 839, 852 (D. Or. 1987); *La Maur v. International Pharmaceutical Corp.*, 199 U.S.P.Q. (BNA) 612, 617 (T.T.A.B. 1978).

82. See *Lipton Indus., Inc. v. Ralston Purina Co.*, 670 F.2d 1024, 1031 (C.C.P.A. 1982); *Jean Patou*, 495 F.2d at 1272; *Procter & Gamble Co. v. Johnson & Johnson Inc.*, 485 F. Supp. 1185, 1204-07 (S.D.N.Y. 1979), *aff'd*, 636 F.2d 1203 (2d Cir. 1980).

83. See *Dallas Cowboys Cheerleaders, Inc. v. Pussycat Cinema, Ltd.*, 604 F.2d 200, 205 (2d Cir. 1979); *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 274 (7th Cir. 1976); *Kingsmen v. K-Tel Int'l Ltd.*, 557 F. Supp. 178, 182 (S.D.N.Y. 1983). Thus, in *Dallas Cowboys*, the actresses in the "gross and revolting sex film," *Debbie Does Dallas*, wore (at least some of the time) costumes similar to those worn by plaintiff's

mark as denoting a single source, use of the mark by Company *B* will lead people to believe that *B*'s related goods are manufactured, licensed or endorsed by Company *A*.<sup>84</sup> Because protection of the public interest in not being deceived serves as the most important policy underlying the protection of trademarks,<sup>85</sup> the courts should approach the subject as suggested in this Note.

First, the burden of ultimate persuasion at all times should be on the competitor to prove abandonment through clear and convincing evidence.<sup>86</sup> Second, when the rebuttable presumption of abandonment has been triggered, the burden of going forward with the evidence shifts to the trademark owner, who then must provide some evidence rebutting the presumption.<sup>87</sup> Once this burden has been satisfied, however, the party charging abandonment should reassume the burden of ultimate persuasion.<sup>88</sup>

Finally, when goodwill is proven to exist, the courts ought to be flexible on the question of how much evidence is required to rebut the presumption of abandonment.<sup>89</sup> The amount of evidence required should be inversely proportional to the amount of persisting goodwill left in the mark.<sup>90</sup> Thus, when the evidence of goodwill is weak, the court should demand strong evidence of intent to resume use, such as plans for full-

---

cheerleaders. 640 F.2d at 202-03. The public in this situation might be confused into believing that plaintiff had sponsored the movie, or licensed defendant, or was in some other way connected with the production. *Id.* at 205.

84. See *supra* note 83.

85. See *supra* note 43 and accompanying text.

86. See *J. McCarthy, supra* note 1, § 17:3(B), at 772; see also *Citibank, N.A. v. Citibanc Group*, 724 F.2d 1540, 1545 (11th Cir. 1984) (strict burden of proof applicable to abandonment claims); *Prudential Ins. Co. v. Gibraltar Fin. Corp.*, 694 F.2d 1150, 1156 (9th Cir. 1982) (abandonment, being in the nature of a forfeiture, must be strictly proved), *cert. denied*, 463 U.S. 1208 (1983); *Oland's Breweries [1971] Ltd. v. Miller Brewing Co.*, 189 U.S.P.Q. (BNA) 481, 488 (T.T.A.B.) (requiring evidence "that leaves no room for doubt or speculation" leading "to but one inescapable conclusion"), *aff'd*, 548 F.2d 349 (C.C.P.A. 1976); *Interstate Brands Corp. v. Way Baking Co.*, 403 Mich. 479, 482, 270 N.W.2d 103, 105 (1978) (to prove abandonment, defendant must show by clear and convincing evidence that plaintiff had ceased use of mark), *cert. denied*, 444 U.S. 869 (1979).

87. See *SODIMA v. International Yogurt Co.*, 662 F. Supp. 839, 845 (D. Or. 1987); *Poncy v. Johnson & Johnson*, 460 F. Supp. 795, 803 (D.N.J. 1978).

88. See *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 769 F.2d 1393, 1396 (9th Cir. 1985); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980); *SODIMA v. International Yogurt Co.*, 662 F. Supp. 839, 845 (D. Or. 1987).

89. Even in jurisdictions like the Fifth Circuit that seem more disposed towards finding abandonment, this flexibility may exist in practice, if not in theory. Thus, in *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96 (5th Cir. 1983), the Fifth Circuit remanded to the district court for findings on the question of intent to resume use. *Id.* at 104. The district court, on the basis of some rather thin evidence of token shipments and marketing department proposals, ultimately did find that Exxon had the requisite intent to resume use. See *Exxon Corp. v. Humble Exploration Co.*, 592 F. Supp. 1226, 1230 (N.D. Tex. 1984).

90. See *Silverman v. CBS Inc.*, 666 F. Supp. 575, 579-80 (S.D.N.Y. 1987).



scale resumption of commercial exploitation in the immediate future.<sup>91</sup> Conversely, where strong evidence of goodwill is presented, the courts may accept a lesser quantum of evidence, such as proof of acts inconsistent with an intent to abandon.<sup>92</sup>

C. *Courts' Failure to Consider Goodwill Has Resulted in Confusion and Contravenes Basic Purpose of Lanham Act*

An examination of existing case law reveals that courts have by and large rendered decisions that address the two lesser policy goals of the Lanham Act—protection of the trademark owner's property interest,<sup>93</sup> and that of the competitor.<sup>94</sup> Analysis of these cases will reveal that the approach advocated in this Note is superior.

1. The Overly-Protective Forfeiture Theory

Many courts speak of abandonment as being in the nature of a forfeiture and thus a matter to be strictly proved by the party charging abandonment.<sup>95</sup> Although these cases seem, for the most part, to adopt the correct approach on burden-shifting<sup>96</sup> and thus often reach the intuitively correct result, their analysis is flawed for one of two reasons. Either they give little or no consideration to the question of the existence of persisting goodwill,<sup>97</sup> or they assume the existence of goodwill on the

---

91. See, e.g., *La Societe Anonyme des Parfums LeGalion v. Jean Patou, Inc.*, 495 F.2d 1265, 1272 (2d Cir. 1974); *SODIMA v. International Yogurt Co.*, 662 F. Supp. 839, 849 (D. Or. 1987). In *SODIMA*, the owner of the trademark registered his mark on the basis of a token shipment but thereafter delayed commercial exploitation for several years while trying to make up his mind what kind of product to apply the mark to. *Id.* at 851-52. The court did not allow this kind of hoarding. See *id.* at 852.

92. See, e.g., *Defiance Button Mach. Co. v. C&C Metal Prods. Corp.*, 759 F.2d 1053, 1060-61 (2d Cir.) (holding plans for resumption of business within short time after cessation of use sufficient), *cert. denied*, 474 U.S. 844 (1985); *Silverman v. CBS Inc.*, 666 F. Supp. 575, 580 (S.D.N.Y. 1987) (finding renewal of copyrights, policing of infringements, licensing educational uses, and periodically reconsidering revival of TV series all inconsistent with intent to abandon); *Kingsmen v. K-Tel Int'l Ltd.*, 557 F. Supp. 178, 183 (S.D.N.Y. 1983) (holding continued receipt of royalties for old records sufficient).

93. See *Defiance Button Mach. Co. v. C&C Metal Prods. Corp.*, 759 F.2d 1053, 1060 (2d Cir.), *cert. denied*, 474 U.S. 844 (1985); *Silverman v. CBS, Inc.*, 666 F. Supp. 575, 579-80 (S.D.N.Y. 1987).

94. See *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1550-51 (11th Cir. 1986), *cert. denied*, 107 S. Ct. 1983 (1987); *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 100-02 (5th Cir. 1983).

95. See *Defiance Button Mach. Co. v. C&C Metal Prods. Corp.*, 759 F.2d 1053, 1060 (2d Cir.), *cert. denied*, 474 U.S. 844 (1985); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980); *Silverman v. CBS Inc.*, 666 F. Supp. 575, 579 (S.D.N.Y. 1987); see also *supra* note 9.

96. See *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980); *SODIMA v. International Yogurt Co.*, 662 F. Supp. 839, 844 (D. Or. 1987).

97. See *Silverman v. CBS Inc.*, 666 F. Supp. 575 (S.D.N.Y. 1987). In *Silverman* the court referred in a footnote to the "continued public recognition of AMOS 'N' ANDY." *Id.* at 580 n.6. There was, however, no specific finding that the mark had persisting goodwill. *Id.* at 581.

basis of circumstantial evidence.<sup>98</sup>

This represents a critical lapse, because if goodwill does not exist, there is little likelihood of public confusion.<sup>99</sup> Without public confusion, there is no public interest in protecting the allegedly abandoned mark.<sup>100</sup> The trademark then can be preserved, if at all, only on a theory of protecting the owner's property interest, which then must be balanced against the competitor's interest.<sup>101</sup> As previously noted, the danger in tilting the scales in favor of the trademark owner in a situation like this is that doing so would convert trademark law into copyright law, thus upsetting the carefully crafted balance of intellectual property rights.<sup>102</sup>

## 2. The Overly Restrictive Plain Meaning Argument

Other courts adhere to what is perceived as the literal language of the statute and insist that the only question is whether the trademark owner has plans to resume commercial use of the mark.<sup>103</sup> If he does not, these

---

98. In *Defiance Button Mach. Co. v. C&C Metal Prods. Corp.*, 759 F.2d 1053 (2d Cir.), *cert. denied*, 474 U.S. 844 (1985), for example, the court found that the existence of goodwill "may well be evidenced" by defendant's offer to pay \$10,000 for rights to plaintiff's mark and by the defendant's later misappropriation of the mark. *Id.* at 1061. The court did not demand other independent proof of the existence of goodwill. *See id.*; *see also* *Sterling Brewers, Inc. v. Schenley Indus.*, 441 F.2d 675, 679 (C.C.P.A. 1971) (finding goodwill to exist because of brewer's willingness to pay considerable sum for rights to mark).

99. *See* *Defiance Button Mach. Co. v. C&C Metal Prods. Corp.*, 759 F.2d 1053, 1059 (2d Cir.), *cert. denied*, 474 U.S. 844 (1985); *Pan Am. World Airways v. Panamerican School of Travel, Inc.*, 648 F. Supp. 1026, 1031 (S.D.N.Y. 1986), *aff'd*, 810 F.2d 1160 (2d Cir. 1987). In *Pan American*, the plaintiff airline sought to prevent the defendant travel agent school from using the designation PANAMERICAN. *Id.* at 1029. Plaintiff conceded that it did not currently use the mark PAN AMERICAN to identify its operations but claimed that it had used the mark for many years and thus enjoyed sufficient residual goodwill. *Id.* at 1031. Plaintiff's argument failed, however, because of insufficient evidence that it was known to the public as Pan American (as opposed to Pan Am). *Id.*

100. *See supra* notes 47-48 and accompanying text.

101. Note in this connection Professor Handler's warning that:

[Trademark] protection must not be so good that it goes beyond protecting the public against fraud, goes beyond providing effective and efficient protection to the plaintiff and infringes upon the privilege of American traders in the traditional free American enterprise to enter a field and compete on a parity with those already in the field.

*Hearings on H.R. 82 Before a Subcomm. of the Senate Comm. on Patents*, 78th Cong., 2d Sess. 106-07 (1944).

102. *See supra* notes 54-68 and accompanying text; *see also* *Boston Professional Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 510 F.2d 1004, 1010-11 (5th Cir.), *cert. denied*, 423 U.S. 868 (1975); *General Mills, Inc. v. Henry Regnery Co.*, 421 F. Supp. 359, 362 (N.D. Ill. 1976); *cf.* *Mutual of Omaha Ins. Co. v. Novak*, 836 F.2d 397, 405 (8th Cir. 1987) (finding satirical use of "MUTANT OF OMAHA" to be infringement of MUTUAL OF OMAHA mark based on rather weak evidence of public confusion over dissent's argument that holding violates defendant's first amendment rights), *petition for cert. filed*, 56 U.S.L.W. 3819 (U.S. May 17, 1988) (No. 87-1908).

103. *See* *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1550 (11th Cir. 1986), *cert. denied*, 107 S. Ct. 1983 (1987); *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 101-02 (5th Cir. 1983).

courts will find abandonment whether or not this will lead to confusion of the public.<sup>104</sup> In actuality, such courts seem to be manipulating the language of the Act in order to promote the policy of protecting the competitor's interest.<sup>105</sup>

The opinion in *Exxon v. Humble Exploration Co.*,<sup>106</sup> for example, pays lip service to the public interest policy,<sup>107</sup> and then focuses on the competitor's interest.<sup>108</sup> In effect, the antiwarehousing language<sup>109</sup> of *Exxon* translates into a procompetitor policy rationale. This ignoring of the public interest factor, however, would be justified only if the *Exxon* court were correct in saying that it is compelled by the plain meaning of the statute.

Recall that the precise statutory language is "intent not to resume" use.<sup>110</sup> The *Exxon* decision makes much of the supposed distinction between intent to abandon,<sup>111</sup> which is, of course, harder to prove and thus favors the trademark owner, and intent not to resume use.<sup>112</sup> A review of the legislative history, however, suggests that, at least from the point of view of the framers of the Lanham Act, no such distinction exists.<sup>113</sup>

---

104. See *Exxon*, 695 F.2d at 101-02.

105. See *supra* notes 69-72 and accompanying text.

106. 695 F.2d 96 (5th Cir. 1983).

107. 695 F.2d at 101 (protecting a mark that has residual goodwill "may be good policy").

108. See *id.* ("The [Lanham] Act does not allow the preservation of a mark solely to prevent its use by others.").

109. See *id.*

110. 15 U.S.C. § 1127 (1982 & Supp. IV 1986).

111. 695 F.2d at 102.

112. See *Exxon*, 695 F.2d at 102-03 ("An 'intent to resume' requires the trademark owner to have plans to resume commercial use of the mark. Stopping at an 'intent not to abandon' tolerates an owner's protecting a mark with neither commercial use nor plans to resume commercial use.").

113. The legislative history suggests that the "intent not to resume" use language was adopted from the common law. Thus, Daphne Robert, representing the American Bar Association, in discussing the definition of abandonment during hearings on the Lanham Act, quoted the relevant language from the proposed bill and then said: "[t]hat, of course, is present law." *Hearings on H.R. 82 Before a Subcomm. of the Senate Comm. on Patents*, 78th Cong., 2d Sess. 24 (1944).

Pre-Lanham Act cases often used "intent not to abandon" and "intent to resume use" interchangeably. For example, in *Gold Seal Assoc. v. Gold Seal Assoc.*, 56 F.2d 452 (S.D.N.Y. 1932), the court stated:

Here no intent on the plaintiff's part to abandon its business forever was made to appear. It had been forced by lack of funds to suspend the active prosecution of the business, and such suspension had continued for about a year. But the proof already referred to shows convincingly that honest efforts were being made all along to revive the plaintiff and to resume the business. . . . It cannot be said that the company had thrown away its name and whatever good will still clung to it.

*Id.* at 453; see *Recamier Mfg. Co. v. Harriet Hubbard Ayer, Inc.*, 59 F.2d 802, 807 (S.D.N.Y. 1932).

Indeed, this interchangeability was dramatically illustrated in an early version of what was to become the Lanham Act, H.R. 4744, 76th Cong., 1st Sess. (1939), which defined abandonment as follows: "A trade-mark shall be deemed to be 'abandoned'—(a) When

The *Exxon* court nevertheless rejected the idea that intent not to resume use is interchangeable with intent to abandon on the theory that "an owner may not wish to abandon its mark but may have no intent to resume its use."<sup>114</sup> When an owner seeks to retain a mark only to prevent its use by others, the court held "the statutory language is critical."<sup>115</sup> In that situation, the trademark owner must have "plans to resume commercial use of the mark."<sup>116</sup> Other courts, however, continue to use the intent to abandon language.<sup>117</sup>

The *Exxon* court goes on to discuss the rebuttable presumption of abandonment. The argument the court makes is that where the rebuttable presumption has been triggered, the burden of persuasion should shift to the trademark owner, who must then prove the converse of "no intent to resume use," namely intent to resume use.<sup>118</sup> As has been noted previously, however, other courts reject this analysis of the effect of the rebuttable presumption.<sup>119</sup> These courts find that only the burden of going forward with the evidence shifts;<sup>120</sup> the burden of persuasion remains at all times with the party charging abandonment.<sup>121</sup> In fact, it would appear that this analysis is more consistent with Rule 301 of the Federal Rules of Evidence:

[A] presumption imposes on the party against whom it is directed the burden of going forward with evidence to rebut or meet the presumption, but does not shift to such party the burden of proof in the sense of the risk of nonpersuasion, which remains throughout the trial upon the party on whom it was originally cast.<sup>122</sup>

---

its use has been discontinued with intent not to resume. *Intent to abandon* may be inferred from circumstances." *Id.* at 31 (emphasis added). A mere three months later, an amended bill, H.R. 6618, 76th Cong., 1st Sess. (1939), was introduced. There, the definition of abandonment read as follows: "A mark shall be deemed to be 'abandoned'—(a) When its use has been discontinued with intent not to resume. *Intent not to resume* may be inferred from circumstances." *Id.* at 37 (emphasis added). The change apparently was suggested by one Chauncey P. Carter, a Washington practitioner, see *Hearings on H.R. 4744 Before the Subcomm. on Trade-Marks of the House Comm. on Patents*, 76th Cong., 1st Sess. 190 (1939), but the reasons for the change were not otherwise discussed.

114. See *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96, 102 (5th Cir. 1983).

115. *Id.*

116. *Id.*

117. See, e.g., *Skippy, Inc. v. CPC Int'l, Inc.*, 674 F.2d 209, 216 (4th Cir.) ("To prove abandonment, a party must show intent to abandon."), *cert. denied*, 459 U.S. 969 (1982); *United States Jaycees v. Philadelphia Jaycees*, 639 F.2d 134, 138 (3d Cir. 1981) ("[The] twin requirement of non-use and intent to abandon is embodied in . . . the statutory definition of abandonment.").

118. *Exxon*, 695 F.2d at 102.

119. See *Star-Kist Foods, Inc. v. P.J. Rhodes & Co.*, 769 F.2d 1393, 1396 (9th Cir. 1985); *Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1044 (2d Cir. 1980); *SODIMA v. International Yogurt Co.*, 662 F. Supp. 839, 845 (D. Or. 1987).

120. See *Star-Kist*, 769 F.2d at 1396; *Saratoga Vichy*, 625 F.2d at 1044; *SODIMA*, 662 F. Supp. at 845.

121. See *SODIMA*, 662 F. Supp. at 845.

122. Fed. R. Evid. 301; see *Poncy v. Johnson & Johnson*, 460 F. Supp. 795, 803 (D.N.J. 1978). The solution to the presumption problem embodied in Rule 301 is that of Professor Thayer. In contrast, Professor Morgan would shift both the burden of coming

Furthermore, the *Exxon* rule demands not just use, but active commercial use.<sup>123</sup> This gloss on the word "use" offers additional proof that the plain meaning argument does not flow solely from the language of the statute. Rather, the plain meaning argument depends on how one interprets the law of presumptions and how one construes the word "use" in the statute.

Last, even if the *Exxon* court were correct in its assertion that the plain meaning of the statute compels a particular result, it is an accepted principle of statutory construction that so-called plain meaning should not control where that meaning would lead to a result contrary to the overall purpose of the statute.<sup>124</sup> And because the *Exxon* result is at odds with the preferred policy of protecting the public interest, courts should reject it.

### CONCLUSION

Intentional abandonment of a trademark under the Lanham Act consists of nonuse plus intent not to resume use. Courts have struggled with the definition of this intent factor. The proper approach is first to consider whether there is persisting goodwill in the trademark and thereafter to adopt a flexible definition of intent depending on the amount of goodwill proved to exist in the trademark. This interpretation of the intent element advances the most important policy of the Lanham Act, namely the protection of the public from confusion, and, at the same time, does not do violence to the language of the statute.

*Stanley A. Bowker, Jr.*

---

forward with the evidence *and* the burden of ultimate persuasion, which is, of course, exactly what the Fifth Circuit incorrectly did in *Exxon Corp. v. Humble Exploration Co.*, 695 F.2d 96 (5th Cir. 1983). See generally 1 J. Weinstein & M. Berger, *Weinstein's Evidence*, ¶ 300[01] (1986) (discussion of Thayer/Morgan controversy on the effect of presumptions).

123. *Exxon*, 695 F.2d at 102.

124. See *United Steelworkers v. Weber*, 443 U.S. 193, 201 (1979) ("It is a 'familiar rule, that a thing may be within the letter of the statute and yet not within the statute, because not within its spirit, nor within the intention of its makers.'") (quoting *Church of the Holy Trinity v. United States*, 143 U.S. 457, 459 (1892)). *Weber* held that title VII of the Civil Rights Act does not prohibit all race-conscious affirmative action plans despite the fact that such plans in effect discriminate against whites in seeming contravention of the so-called plain meaning of the statute.